

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT:
JUNE 2005 PROJECT PIPELINE UPDATE

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This report was last updated on **June 2005**. The information contained on this report will reflect the status of each project and new project entries.

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I. INTRODUCTION AND GUIDE TO EBRD'S PROJECT PIPELINE:

Project finance is the EBRD's core business. The EBRD has committed more than €22.7 billion (about \$29billion) to both private and state sector projects. All projects provide a number of procurement opportunities. U.S. companies can access information about EBRD's projects through the EBRD's website www.ebrd.com/oppor/procure/opps/index.htm.

The interval between identification of a project and its approval varies in every case. Each entry in the Project Pipeline identifies the status of a particular project in the project cycle.

After loans are approved, entries are dropped from the Project Pipeline and appear on the Projects Approved page of the EBRD's website.

We would like to draw U.S. companies' attention to state sector projects. In that they are followed with international tendering processes, whereas procurement under private sector projects are completed by the EBRD's client. In which case it would be important to contact the EBRD's client directly.

Inclusion of a project in the Bank's Project Pipeline does not imply any commitment on the part of the Bank to finance the project.

New projects, which appear in the Project Pipeline for the first time, are indicated by the abbreviation (N) before the project name. For additional information on any of these projects, interested parties are requested to contact the executing agencies directly and NOT the European Bank.

II. PROJECTS SCHEDULED FOR BOARD CONSIDERATION:

	Project name	Country	Date disclosed
A	KEGOC: Ekibastuz-YukGres power transmission	Kazakhstan	27 Jun 2005
B	Bank of Baku Equity Investment (Azerbaijan)	Azerbaijan	24 Jun 2005
C	Podberezie - Chipboard Facility	Russia	24 Jun 2005
D	Mittal Steel Zenica	Bosnia and Herzegovina	24 Jun 2005
E	EU/EBRD MSME Preparatory Action	Regional	24 Jun 2005
F	Emerging Europe Convergence Fund II	Regional	24 Jun 2005
G	Mittal Steel Skopje - Working Capital and Capex	FYR Macedonia	24 Jun 2005
H	Acorex Wine Holding	Moldova	24 Jun 2005
I	Poti Water Supply Project	Georgia	22 Jun 2005
J	Bucharest WWTP - Glina	Romania	22 Jun 2005
K	Cascade Insurance and Reinsurance Company	Armenia	22 Jun 2005
L	Brasov Urban Transport	Romania	22 Jun 2005
M	Center-Invest Bank (CIB) Equity Investment II	Russia	21 Jun 2005
N	Lesaffre	Regional	21 Jun 2005
O	Renaissance Capital Bank Rouble Loan	Russia	21 Jun 2005
P	DeltaCredit Bank - Syndicated Loan	Russia	21 Jun 2005
Q	Hansabank Russia Equity Investment	Russia	21 Jun 2005
R	Vestel 2 - White Goods Production	Russia	20 Jun 2005
S	Olivaria	Belarus	20 Jun 2005

T	Spurt Bank SME Credit Line	Russia	14 Jun 2005
U	Astana New Transport System	Kazakhstan	14 Jun 2005
V	TBC Bank SME Credit Line III	Georgia	13 Jun 2005
W	KSBP III - Rural Facility	Kazakhstan	10 Jun 2005
X	Gallery	Russia	2 Jun 2005

A

Project name: KEGOC: Ekibastuz-YukGres power transmission
Country: Kazakhstan
Project number: 35551
Business sector: Power and Energy utilities
State/Private: State sector
Environmental category:
Board date: 1 November 2005
Status: Passed structure review, Pending final review
Date PSD disclosed:
Date PSD updated: 27 June 2005

Project description and objectives:

The proposed project consists of a 2nd and 3rd section:

- 1) **2nd section**
475 km 500 kV OHTL "1150 kV Ekibastuzskaya SS - 500 kV Agadyr SS", with extension of 500 kV Outdoor Switchgear at 1150 kV Ekibastuzskaya SS and 500 kV Outdoor Switchgear at Agadyr SS;
- 2) **3rd section**
390 km 500 kV OHTL "500 kV Agadyr SS - 500 kV YuKGRES SS", with extension to connections to 500 kV Outdoor Switchgear at 500 kV Agadyr SS and to 500 kV Outdoor Switchgear at 500 kV YuKGRES SS.

The Bank's funding will primarily be used for civil works, steel towers, overhead transmission line conductors and other equipment between YukGRES and Agadyr substations.

The objectives of the proposed project are to address energy and peak supply deficits in South Kazakhstan, improve electricity transmission reliability, reduce transmission losses and contribute to development of regional electricity trade in Central Asia.

Transition impact:

The proposed project will promote competition and trade both on national and regional levels in allowing low cost producers in North Kazakhstan to supply South Kazakhstan and the Central Asia integrated system, and to meet winter electricity supply shortages in South Kazakhstan. The project will contribute to the integration of the regional economy. In addition, the project will seek to achieve improvements in the existing transmission tariff methodology to reflect best international practice.

The client:

Kazakhstan Electricity Grid Operating Company (KEGOC), the 100%-State-owned natural monopoly high-voltage long distance electricity transmission company.

EBRD finance:

A non-sovereign, secured, senior loan of USD 87.8 million to be partially syndicated to commercial banks.

Total project cost:

Approx. USD 245.7 million.

Environmental impact:

The project was screened B/O requiring environmental analysis.

This public sector project involves construction of a new power transmission line. Because the line will follow an existing corridor, the environmental impacts associated with air emissions, physical alteration and the impact on sensitive natural habitats, archaeological sites, and agricultural and commercial areas are expected to be limited. Some impact may arise from disposal of construction waste as well as safety during construction. These construction related issues can be dealt with by applying suitable working practises, thus keeping any negative impact to a minimum. An environmental analysis is currently underway to assess the extent of such impacts and appropriate mitigation measures. This section will be amended upon completion of the environmental analysis.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

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B

Project name:	Bank of Baku Equity Investment (Azerbaijan)
Country:	Azerbaijan
Project number:	35702
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 June 2005

Project description and objectives:

The proposed project is for the Bank to acquire newly issued shares of Bank of Baku (BB). BB was formed in February 2005, when two local private banks, namely Bank of Baku and Ilkbank, merged and consolidated their businesses. The investment has the following objectives:

- support the consolidation of this newly merged bank and its lending capacity by strengthening its capital base, supporting the development of its infrastructure and strengthening the corporate governance;
- provide both management guidance and institutional building through Supervisory Board participation and technical assistance;
- the consolidation should demonstrate the benefits of such a merger and create a more efficient intermediary in the financial sector.

Transition impact:

The project has a high transition impact because of its restructuring, demonstrating consolidation and the creation of a financial intermediary with critical mass in the Azerbaijani banking sector. Following the creation of Unibank in 2002, where the Bank became a shareholder, this will be a second merger in the sector and the EBRD's second equity participation in an existing local bank in the country.

The Bank's investment and the underlying merger that it supports will have a positive impact on both BB's own operations and the financial sector it participates in, recognising that it will:

- Enable BB to increase intermediation and its capacity to finance the private enterprise sector, particularly SMEs;
- Demonstrate the benefits of merger as a method of strengthening the position in the market through both increased market share as well as efficiency improvement; expected to encourage banking sector consolidation among the many smaller private banks that presently operate in Azerbaijan.

The client:

Bank of Baku, an open joint-stock company, was incorporated in February 2005, when two local private banks merged, creating one of the largest private banking institutions in Azerbaijan.

EBRD finance:

Equity investment of up to USD 5 million.

Total project cost:

Up to USD 5 million.

Environmental impact:

Screened FI.

The Bank of Baku will be required to adopt and implement the Bank's Environmental Procures for Intermediated Financing for all its operations including compliance with the Exclusion and Referral List and sub-projects' compliance with national environmental, health, safety and public consultation requirements as well as submission of an annual report on environment, health and safety issues.

Technical cooperation:

EU TACIS funded TC for strengthening of BB's SME credit process is already provided (on a shared based with 4 other participating banks) via its participation in the Azerbaijan Multi-bank Framework Financing Facility. Further TC for the implementation of Institution Building Programme, funded by ETC Fund, will be launched along with the EBRD's equity investment.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr. Shahram Oromi, Chairman of the Executive Board
Tel: +994 12 447 00 55

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

C

Project name:	Acorex Wine Holding
Country:	Moldova
Project number:	35123
Business sector:	Agribusiness
State/Private:	Private sector
Environmental category:	C
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 June 2005

Project description and objectives:

The proposed project is intended to provide Acorex Wine Holding Closed JSC ("AWH"), one of the largest wine producers and exporters in Moldova, with a complete financing package, including both long term and short term financing.

It will provide support to Acorex Wine Holding in:

- (i) its balance sheet restructuring
- (ii) financing of its working capital needs to purchase grapes from Moldovan farmers
- (iii) vertical integration process through supply of technical assistance and quality inputs to grape suppliers.

The entire project will be co-financed by Victoriabank, which will provide a parallel loan.

Transition impact:

In view of the early development stage of the agricultural sector in Moldova, the Project will primarily contribute to the transition process through:

i) Market Expansion

Ageing of the existing vineyards is becoming a bottleneck for the wine sector in Moldova. The investments into vineyards will secure up to 30% of its grape needs. The rest will come from the local growers. AWH will also support small farmers through long-term lease of the majority of land for the new vineyards plantation. Through the plantation of new vineyards, pre-financing and technical assistance to the grape growers, AWH will bring up quality standards, resulting in higher yields and quality and respectively in higher profits earned by AWH's grape suppliers. This is expected to have a demonstration effect on the other grape producers resulting in higher grape quality and yields improvements.

ii) Corporate Governance and Internal Restructuring

As a result of an active dialogue with the Bank since 2002, AWH has accepted to restructure and improve its corporate governance. It has reorganised into a holding structure. Since 2003 it has consolidated its financial reports and audits them in IFRS. AWH also started an internal restructuring process, led by the executive management. The Project should have a demonstration effect for other local enterprises seeking long term financing to take on corporate governance initiatives.

The client:

AWH was established in 1994 as a green-field project and during 1994-1998 a new wine bottling plant with a bottling capacity of 30 million bottles annually was built and fitted with modern equipment. It started its own wine production in 1998.

EBRD finance:

USD 7 million consisting of:

- Senior Term Loan of USD 4.2 million
- Senior Revolving Loan of USD 2.8 million

Total project cost:

USD 10 million.

Environmental impact:

Screened C/1.

Environmental, health and safety and labour issues associated with the proposed operation have been identified and assessed within the scope of an Environmental Audit, which covered the bottling plant and the three leased primary wineries as well as corporate environmental, social and health and safety practices of Acorex. The Company was found to be generally in compliance with the applicable environmental, health and safety and social/labour standards. No evidence of soil and groundwater contamination was identified at the existing sites. No asbestos, PCBs, radioactive or ozone-depleting substances are used by AWH. No major accidents took place during the last 5 years. The Company has agreed to implement an Environmental Action Plan to bring all of its operations into compliance with the applicable Moldovan and EU environmental and health and safety standards. Implementation of the EAP will, inter alia, lead the company to development and implementation of its environmental, health and safety management system in accordance with the ISO14001 and OHSAS18001 standards. The Company is also the first one in Moldova to produce certified organic wines. No other environmental issues to raise at this stage.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr. Serghei Borets, CEO Acorex Wine Holding
45, B. Bodoni str.,
Chisinau,
Moldova, MD-2012.
Tel: +373 22 221939
Fax: +373 22 242510
Website: <http://www.acorex.net>

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

D

Project name: Podberezie - Chipboard Facility
Country: Russia
Project number: 35031
Business sector: General manufacturing
State/Private: Private sector
Environmental category:
Board date: 26 July 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 24 June 2005

Project description and objectives:

The proposed project is to support OOO Pfleiderer to establish a green-field chipboard production facility in Podberezie, Novgorod region. The project includes investment in raw chipboard and melamine faced chipboard production lines with annual design capacities of 500,000 m3 and 14,000,000 m2 respectively. In addition there will be an investment in decorative paper film line of 38,000,000 m2 capacity.

Transition impact:

The transition impact potential of the project is derived from the positive influence of a reputable foreign investor on the modernisation of the Russian wood-based panel industry. Strengthening competition within the sector will stimulate domestic market participants towards more efficient utilisation of resources, innovative production processes and increased customer orientation according to international best practices.

The project is likely to contribute to increased market interaction and linkages in other related sub-sectors, such as furniture producers and construction companies. Significant local sourcing will have beneficial linkages with the local wood and chemical industries, including best practise procurement. The project will provide for a high quality supply of chipboard and impregnation paper products to local furniture producers at better terms than current imports.

The client:

OOO Pfleiderer, domiciled in Russia, is a 100 % subsidiary of Pfleiderer Grajewo SA, Poland. Pfleiderer Grajewo S.A. is a leading producer of wood-based panels in Central and Eastern Europe, and a 60% subsidiary of Pfleiderer AG (Germany), that is a global producer of wood-based panels in Western Europe.

EBRD finance:

EUR 35 million loan to be provided in an A/B loan structure and additional EUR 7 million in a form of equity. The A loan will be EUR 25 million and the remainder will be syndicated.

Total project cost:

EUR 85 million.

Environmental impact:

The project has been classified IEE, requiring an initial environmental examination. The construction and operation of the new particleboard production facility may be associated with some environmental, health and safety issues, including air emissions, noise and considerable use of wood as raw material. In new facilities like this, adverse impacts can usually be efficiently mitigated by taking environmental protection measures into consideration in project design and in construction, planning and work practises. However, the information available at this stage on the location and project design is insufficient for determining the environmental category. Therefore, an Initial Environmental Examination (IEE) will be carried out to identify potential issues associated with this particular project and to determine the environmental requirements for the project. The project will need to be structured to meet applicable national regulations, EU standards and good international practice. If necessary, an environmental action plan will be agreed between the Company and the Bank to address any corrective measures, environmental management and future developments. Public disclosure and consultation will be carried out in accordance with the Russian law and with the Bank's requirements.

This section will be updated and amended as soon as the environmental due diligence has been completed.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Pfleiderer Ltd.
ul. Moskovskaya, 53
173020 Velikiy Novgorod
Russia
tel.: +7 8162 664 704
tel./fax: +7 8162 630 884

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

E

Project name:	Mittal Steel Skopje - Working Capital and Capex
Country:	FYR Macedonia
Project number:	35402
Business sector:	General manufacturing
State/Private:	Private sector
Environmental category:	B
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 June 2005

Project description and objectives:

The proposed project is for working capital and energy efficiency investments at Mittal Steel Skopje. This will enable the client to develop this business based on purchasing semi-finished intermediate steel products for re-rolling. The energy efficiency measures will consist of the purchase and the installation of steam boilers and the switch from oil firing to natural gas in the hot-rolling mill.

Transition impact:

Sources of transition impact would be:

- **Restructuring**

Mittal Steel has a proven track record of significantly improving within a short period of time the operational practices at poorly performing plants. Mittal Steel maintains for all its operations a Knowledge Integration Programme which enables Mittal Steel managers to share best practice management experience between plants belonging to the group. This will facilitate knowledge transfer to the local economy. A further element would be the energy efficiency measures which would help to reduce the energy intensity of the operations

- **Corporate governance**

The rolling mills are now majority owned by Mittal Steel, one of the major players in the global steel industry. Mittal Steel will introduce international accounting standards (US GAAP), introduce an environmental action plan and will generally take measures to improve practices on the procurement and sales sides.

The client:

Mittal Steel Skopje, a company which majority owns a hot-rolling and a cold-rolling plant producing steel hot and cold rolled coils as well as galvanised and prepainted steel. The Company is 100% owned by Mittal Steel Company N.V. which has recently become the largest steel company in the world with sales of USD 31.2 billion and steel shipments of 58 million tonnes in 2004.

EBRD finance:

Loan, EUR 25 million.

Total project cost:

EUR 25 million.

Environmental impact:

Screened B/1.

An energy audit has been conducted on the facilities in November 2004 and an Environmental Audit and Analysis will be conducted on the company and on the proposed investments. An Environmental Action Plan (EAP) will be developed to bring the company into compliance with EU IPPC standards. The PSD will be updated once the environmental due diligence is completed and an Environmental Action Plan is agreed with Mittal Steel.

Technical cooperation:

An energy efficiency audit has been performed which was financed under an existing framework contract, funded by the CEI, Central European Initiative (Italy).

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr Rajiv Bhatnagar
Mittal Steel Skopje
Tel: +389 2 3288 200.

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

F

Project name:	Emerging Europe Convergence Fund II
Country:	Regional
Project number:	36167
Business sector:	Equity funds
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 June 2005

Project description and objectives:

The proposed project is a private equity fund with a target size of EUR 500 m that will invest in markets of the new European Union members, the EU accession candidate countries, other SEE countries as well as CIS such as Russia and Ukraine. The Fund will seek control or substantial minority positions in companies with enterprise values between EUR 100 m and EUR 1 bn and will seek to generate in excess of 25% gross IRR for the whole Fund. The track record of the fund management team is based on the success of the AIG Emerging Europe Infrastructure Fund.

Transition impact:

The transition impact effects of an investment in the Fund can be considered from three aspects:

- (i) demonstration effects of successful investee company restructuring
- (ii) demonstration effects of new ways of financing activities
- (iii) institution building.

The Fund will add value to the portfolio companies of the Fund by active participation in their management and operations and transfer their knowledge and experience to the portfolio companies.

As there are not many precedents for private equity in some of the target countries, the Fund will also fulfil an educational role by creating awareness and winning acceptance for this form of financing.

The client:

Emerging Europe Convergence Fund II LP is a private equity fund to be established in Guernsey. EMP Europe Management (CI) LP will be the General Partner and Fund Manager. Mid Europa Partners LLP will be retained by EMP Europe Management (CI) LP as the Investment Manager.

EBRD finance:

EBRD will commit up to 10% of the total aggregate capital commitments of the Fund.

Total project cost:

Target size of the Fund is EUR 500 million.

Environmental impact:

The Fund will apply the EBRD's environmental procedures for Private Equity Funds which ensures adherence to the Bank's Environmental Exclusion and Referral List, that appropriate environmental due diligence is carried out prior to investment, that investee companies meet, at a minimum, national standards for environment, health, safety and labour.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Thierry Baudon, Managing Partner
161 Brompton Road
London SW3 1EX
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Fax: +44 (0) 20 7886 3639

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

G

Project name: EU/EBRD MSME Preparatory Action
Country: Regional
Project number: 36147
Business sector: Financial Institutions: Bank equity/Bank lending
State/Private: Private sector
Environmental category: FI
Board date: 26 July 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 24 June 2005

Project description and objectives:**EU/EBRD MSME (Micro, small and medium sized Enterprises) preparatory action**

In support of MSMEs in the new financial environment following the EU accession, a Preparatory Action programme (the Action) supported by the European Commission (EC) has been established. The Action aims to provide medium and long-term financing from the EBRD combined with Technical Cooperation funded by the EC. This combined service will be offered to participating banks and their leasing subsidiaries that intend to develop their MSME finance. A particular focus is put on micro financing. The Action is open to financial intermediaries in the New Member States (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia).

The main objectives of the Action are to:

- strengthen and deepen the MSME credit markets and in particular to micro enterprises in the New Member States.
- build financial intermediaries' ability to extend financing to MSMEs (and particularly micro enterprises) on a sustainable basis;
- provide training to financial intermediaries in order to broaden their capacity to assess and monitor their MSME portfolio;

Sub-projects:

View a list of [sub-projects](#) for this and other framework projects.

Transition impact:

Transition impact will be achieved by:

- Improving depth and efficiency of financial intermediation and broadening the diversity of financial products offered to MSMEs in the New Member States.
- Contributing to institution building in the participating financial intermediaries.

The client:

Financing will be channelled through participating banks and/or leasing subsidiaries of banks in the eligible countries that can demonstrate a satisfactory financial viability, a capable management team and commitment to small and medium-sized enterprises in their lending/leasing policy. Going forward, the framework may be opened to independent leasing companies and micro finance institutions.

EBRD finance:

EUR 40 million senior debt and/or risk-sharing through framework operations. The proposed EBRD financing will consist of:

- lines of credit to financial intermediaries for financing MSMEs and/or
- risk-sharing on MSME portfolios of financial intermediaries.

Total project cost:

EUR 40 million.

Environmental impact:

Financial intermediaries funded by EBRD under the Action must apply EBRD's Environmental Procedures for Small and Micro Loans or those for Leasing Companies (as appropriate) to all sub-loans and leases supported through the Action. MSME clients are required to comply with all applicable domestic health, safety, employment, environmental and public information/consultation requirements. The need for financial intermediaries to monitor their clients' ability to meet current and forthcoming regulatory requirements over the course of the loan will be emphasised in the TC programme. When financing start-up enterprises through the Action, the financial intermediaries will make sure that they are designed to meet national environmental requirements from the outset.

Technical cooperation:

Up to EUR 4 million, to be funded by the EC.

The technical cooperation funds will be used to contribute to institution building through enhancement and streamlining of MSME lending/leasing procedures, training of staff, strengthening of Management Information Systems and marketing strategy, aiming to enable the participating institutions to build long-term capacity to provide financing to MSMEs on a sustainable basis.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

n/a

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

H

Project name:	Mittal Steel Zenica
Country:	Bosnia and Herzegovina
Project number:	36116
Business sector:	General manufacturing
State/Private:	Private sector
Environmental category:	B
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	24 June 2005

Project description and objectives:

The proposed project is for energy efficiency investments and working capital at Mittal Steel Zenica. This will enable the client to implement crucial energy efficiency measures in restarting integrated steel making operations and will provide working capital needed to increase production levels. Most of the company's products will be exported, leading to a significant increase in BiH's total industrial exports. This will help further integrating the BiH economy in the European economy and earn export revenues for the country.

Transition impact:

Mittal Steel's investment in the Company is the largest FDI in BiH since the 1992-1995 war. As a result, the transition impact of the project will be significant for the country as a whole. Specific sources of transition impact would be:

- **Restructuring**

The Company's operations, including the early stages of commissioning new electric arc steelmaking, will be managed by Mittal Steel who has a proven track record of significantly improving within a short period of time the operational practices at plants which it acquires, and developing new markets for them. Mittal Steel maintains for all its operations a Knowledge Integration Programme which enables Mittal Steel managers to share best practice management experience between plants belonging to the group. This will facilitate knowledge transfer to the local economy. A further element would be the energy efficiency measures which would help to reduce the energy intensity of the operations

- **Market expansion**

Under the purchase agreement, Mittal Steel has agreed to restart integrated steel making at the site over the next 2 years. This will mean a significant increase in output. Local suppliers to the Company such as utilities and railways, as well as the local iron ore mines that are being reopened near Ljubija, will benefit from increased business on commercial terms;

- **Private ownership**

The acquisition of the BH Steel by Mittal Steel has transferred a major asset of the BiH economy to the private sector. The Bank's participation in the operation will contribute to the success of this privatisation and provide a demonstration effect for other potential investors in BiH.

The client:

Mittal Steel Zenica, a Bosnia and Herzegovina steel maker which is majority owned by Mittal Steel Company N.V. which has recently become the largest steel company in the world with sales of USD 31.2 billion and steel shipments of 58 million tonnes in 2004.

EBRD finance:

Loan, EUR 25 million.

Total project cost:

EUR 160 million.

Environmental impact:

Screened B/1.

The project involves the restarting of an integrated steel mill, which was temporarily closed down in 1992, without any increase of its previous production capacity, and the modernisation of a scrap-based electric steel mill. A significant part of the project is financing energy efficiency investments. Environmental issues may be associated with the project in relation to compliance with EU environmental standards, including emission standards; liability issues as a result of potentially existing soil and ground water contamination, effluent discharge into rivers; occupational health and safety. Environmental due diligence will be conducted in parallel with the Bank's technical due diligence on the energy efficiency projects. The PSD will be updated once the due diligence is completed and an Environmental Action Plan is agreed with Mittal Steel.

Technical cooperation:

An energy efficiency audit has been performed which was financed under an existing framework contract, funded by the CEI, Central European Initiative (Italy).

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr Sunil Chopra
Mittal Steel Zenica
Tel: +387 3240 6269.

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

I

Project name:	Poti Water Supply Project
Country:	Georgia
Project number:	35601
Business sector:	Municipal and environmental infrastructure

State/Private: State sector
Environmental category: B
Board date: 20 September 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 22 June 2005

Project description and objectives:

The project would consist of a sovereign loan of up to EUR 3.5 million, on-lent to the Company to finance improvements in the municipal water supply system by extending its pipeline to a more reliable source. The objective of the project is to enable the City water municipal Company to provide a 24/7 service to Poti inhabitants.

Transition impact:

- Performance improvement and commercialisation of the Company by improving revenue collection; staffing levels; financial management and capital investment planning; unaccounted for water; organisational efficiency; and, customer relations.
- The new tariff policy (aiming at cost recovery levels) and installation of meters should also create an economic incentive for the rational consumption of water.
- Skills and knowledge transfer will take place during the Technical Co-operation Programmes for the preparation or delivery of: a Feasibility Study; a Corporate Development Support Programme for the Company, an Implementation Support Programme; and engineering services for design, procurement and supervision.
- The proposed project would bring improved standards of transparency and governance in a number of new ways such as: requiring financial reports to be produced to International Financial Reporting Standards; requiring international tendering for the contracts; requiring annual financial and health and safety reports to be produced and published; helping the Company to create a new customer relations strategy and complaints handling procedures; and, exposing the current management to an independent, expert review of current operating and financial management practices along with the development and implementation of recommendations to bring greater efficiency.

The client:

The Poti Water and Wastewater Company was established as a limited liability municipal enterprise on 25 June 2002.

The Company provides water and wastewater services in the City of Poti and the neighbouring communities with a total population of 70,000. It operates a 254 kilometre water network with one treatment plant, 38 pump stations, five potable water storage tanks, a reservoir, and a 45 kilometre sewerage network with 12 pumps.

EBRD finance:

Sovereign loan of up to EUR 3.5 million on-lent to the Company.

City of Poti contribution of up to EUR 1 million

Grant finance of up to EUR 3.54 million

Note: the Donor of the Grant component will be identified at a later stage. The Grant portion is needed in order to keep affordability within acceptable levels.

Total project cost:

Up to EUR 8 million.

Environmental impact:

Screened B/O.

The project offers the opportunity to improve drinking water supply in the City of Poti. Environmental due diligence needs to be carried out to identify current environmental conditions and to predict potential impacts of the rehabilitation of pumping stations and water supply network, and to assess the ability of the project to bring the facilities towards compliance with Georgian and EU environmental standards. It will also assess possible environmental liabilities associated with water facilities.

Technical cooperation:

The total Technical Co-operation to support the project includes:

- Preparation of a financial, technical, environmental feasibility study, including restatement of accounts of the Company and a review of affordability. The estimated non-reimbursable cost of EUR 300,000 would be financed by the EU Joint Environmental Programme (EU JEP) facility
- Institution-building and training component in the form of a corporate development support programme. Estimated at EUR 300,000, proposed as non-reimbursable and to be funded from Trust Funds.
- Institution-building and training programme for the City, as the owner of municipal assets to assist in project implementation. Estimated at EUR 200,000 and proposed to be non-reimbursable and funded from Trust Funds.

- Project Engineer for engineering, design, procurement and contracts supervision. Estimated at EUR 750,000 and proposed to be non reimbursable and funded from Trust Funds.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

J

Project name:	Bucharest WWTP - Glina
Country:	Romania
Project number:	34842
Business sector:	Municipal and environmental infrastructure
State/Private:	State sector
Environmental category:	B
Board date:	6 September 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	22 June 2005

Project description and objectives:

The purpose of the project is to provide co-financing for an EU ISPA project along with the European Investment Bank to fund the construction of the first stage of a wastewater treatment plant for the City of Bucharest.

The project will consist of completing the first line and building a sludge treatment facility and will be supported by ISPA capital grants. ISPA will also provide technical assistance for the development of tender documents, procurement and site supervision as well as institutional strengthening. The plant will be operated by Apa Nova Bucharest under its existing concession contract.

Transition impact:

Transition impacts include:

- **Commercialisation**
The wastewater treatment tariff will be designed to both operating and capital costs on a transparent basis.
- **Private sector participation**
The Glina WWTP will entail private sector participation as it will be operated by Apa Nova, which is the concessionaire responsible for providing water and wastewater services for the City of Bucharest.
- **Framework for markets**
The project will improve environmental protection by enforcing the polluters pay principle. It will do this by imposing real increases in wastewater treatment tariffs.
- **Project management demonstration effect**
The WWTP will be built through a single turn key design build contract

The client:

Municipality of Bucharest (City) will be the borrower for the construction of a wastewater treatment plant (WWTP) at Glina. Pursuant to the concession contract executed between the City and Apa Nova Bucharest, the plant will be operated by ANB in accordance with service levels to be negotiated between the City and ANB.

EBRD finance:

Up to EUR 10 million annuity type loan to the Municipality of Bucharest to finance the Glina Wastewater Treatment Plant to complement grant financing from EU- ISPA. In addition to EBRD, the European Investment Bank (EIB) will provide a EUR 25 million sovereign loan, making this the first joint EBRD-EIB financing for an ISPA project.

Total project cost:

Total – EUR 104 million, out of which:

- EBRD - EUR 10 million
- EIB - EUR 25 million
- EU ISPA Grant - EUR 69 million

Environmental impact:

Screened B/1.

This project presents significant environmental opportunities regarding improving the quality of effluent, thus reducing pollution of Danube and Black Sea. The environmental due diligence will need to be carried for this project. It will assess the ability of the selected project to bring the wastewater facilities into compliance with applicable Romanian and EU environmental standards. It will also assess possible environmental liabilities associated with the existing wastewater treatment facilities.

This project is a high priority environmental investment for Bucharest and is important for Romania in terms of pre and post accession grant utilisation.

Technical cooperation:

Technical co-operation funds for project management will be provided from EU ISPA.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

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K

Project name:	Brasov Urban Transport
Country:	Romania
Project number:	36207
Business sector:	MEI
State/Private:	State sector
Environmental category:	B
Board date:	13 December 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	22 June 2005

Project description and objectives:

The objectives of the project would be to finance the purchase of up to 130 new buses for the Regia Autonoma de Transport Brasov (the Company) and to finance a street upgrading programme with the City of Brasov (the City).

Transition impact:

- **Demonstration effect**
The team will explore with the City and the Company, the possibility to structure the loan without a full financial guarantee from the City, which would then be the Bank's first such municipal loan in Romania. As such the Operation would be the first transaction where the Bank would lend directly to a municipal transport company in Romania.
- **Support to the corporatisation of the Company and organisational improvements**
Transition impact will be delivered through restructuring of the public transport network; restructuring of the Company to adapt to the new service model and reduction of transport modes, and increased productivity and possible out-sourcing of services to realise efficiencies.
- **Client-Supplier Relationship through the Public Service Contract (the PSC)** The Operation would support the development of one of the first Romanian comprehensive PSCs for a public transport company. The PSC will define the scope of services provided by the Company and will set the level for service payments by the City for the services it purchases. The service payment replaces the system of direct, untargeted subsidies, and provides incentives for the Company to improve its financial and operational performance.
- **Development of Regulatory Framework and Institutional improvements**
The consultants for the technical and environmental due diligence will review the regulatory and institutional framework for public transport in the City and provide recommendations how to structure and develop the central public transport unit (authority) in the City.

The client:

- Regia Autonoma de Transport Brasov (the Company)
- The City of Brasov (the City)

EBRD finance:

The project would comprise two operations by the Bank:

- Up to EUR 15 million senior loan to the Company
- Up to EUR 15 million loan to the City

Total project cost:

The total cost of the project has been estimated to EUR 36 million.

Environmental impact:

The project was screened B/1 requiring an Environmental Analysis and audit. The proposed project will contribute to improving public transport reliability, safety and efficiency, will reduce congestion, and help maintain the market share of public transport, with associated air quality benefits. The environmental investigations, which are currently underway, will identify all potential environmental impacts and develop an environmental action plan (EAP), to ensure compliance with both national and European Union environmental, health and safety requirements

Technical cooperation:

- **Pre-signing**
Technical and Environmental due diligence (€60,000), to be financed under an existing framework contract with DHV, i.e. Framework for Municipal and Environmental Consultancy Services (Phare Region).
- **Post-signing**
Project management and institutional building in preparation for EU accession (€300,000) subject to donor interest.

For consultant opportunities for projects financed by technical cooperation funds, visit procurement of consultants.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

Enquiries: Tel: +44 20 7338 6534; Fax: +44 20 7338 7472, Email: procurement@ebrd.com

General enquiries:

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Email: projectenquiries@ebrd.com

L

Project name: Cascade Insurance and Reinsurance Company
Country: Armenia
Project number: 35839
Business sector: Financial institutions: Non-bank FIs
State/Private: Private sector
Environmental category: FI
Board date: 26 July 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 22 June 2005

Project description and objectives:

The proposed project envisages that the EBRD subscribes to a capital increase in Cascade Insurance and Reinsurance Company (the “Company”) to acquire a 35% stake. The investment will provide additional financing to cover regulatory capital requirements and to develop the Company’s infrastructure, sales network and to introduce new commercial and personal lines insurance products.

It is envisaged that, subject to the performance of the Company, the EBRD will subscribe pro-rata to forecast capital increases between 2006 and 2008.

Transition impact:

The project will promote the development of, and competition in, the provision of primarily non-life insurance products in Armenia (where, in 2004, insurance penetration, measured as gross premiums written as a percentage of GDP, was estimated at less than 0.2%).

By setting high standards for corporate governance, the project is designed to assist Cascade Insurance and Reinsurance Company in meeting, and demonstrating to the market, international standards of transparency and business conduct.

The client:

Cascade Insurance and Reinsurance Company, a limited liability company licensed (in January 2005) and operating as an insurance company in Armenia. The Company is currently a 99.9% owned subsidiary of Cascade Capital Holdings, Armenia, which is in turn owned by Cafesjian Family Foundation, a US non-profit tax exempt organisation (501(c)3 designation) set up to promote the well-being of Armenians and to foster economic development and western orientated values in Armenia.

EBRD finance:

Approximately USD 0.5 million equity (including potential capital increases)

Total project cost:

Approximately USD 1.5 million (including potential capital increases)

Environmental impact:

The environmental risks associated with Cascade Insurance and Reinsurance Company's operations are low. Policies generally exclude environmental liability, but coverage of environment-related damages is possible in conjunction with appropriate reinsurance. In order to mitigate environmental impact the Company will conduct its life insurance operations (both underwriting and investment activities) in accordance with the EBRD's Guidelines for Investments in the Insurance Sector.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Jonathan Stark
Cascade Capital Holdings
5/1 H. Kochar Street
Yerevan 375033
Armenia
Email: jonathanstark@cascadecapitalholdings.com

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

M

Project name:	Center-Invest Bank (CIB) Equity Investment II
Country:	Russia
Project number:	36168
Business sector:	Financial Institutions: Bank equity/Bank lending

State/Private: Private sector
Environmental category: FI
Board date: 26 July 2005
Status: Passed concept review, Pending final review
Date PSD disclosed:
Date PSD updated: 21 June 2005

Project description and objectives:

The operation consists of USD 5.3 million equity investment for subscription to the newly issued shares. Being part of a USD 21 million capital increase, the investment will support development one of the leading private banks in Southern Russia by increasing its capital, strengthening its operations, and enhancing its competitive position in the region. The project will also support the on-going improvements of Center-Invest Bank's corporate governance and internal systems, which were introduced at the time of EBRD's initial investment in September 2004, when EBRD acquired 25.23% shareholding in Center-Invest Bank.

Transition impact:

Aimed at the increase of continuing insufficient financial intermediation in the Russian market, the project's transition impact will be most prominent in the following three areas: (1) supporting development of a leading regional bank and promoting financial intermediation; (2) improving corporate governance and strengthening internal systems of Center-Invest Bank; (3) enhancement of competition in the banking sector – as a result of the project Center-Invest Bank will be able to assert itself as a credible regional competitor to larger Moscow-based and state-owned banks.

The client:

Center-Invest Bank, a Rostov-on-Don based bank, one of the leading financial institution in Southern Russia with excellent knowledge of the local market and focus on small and medium companies financing and retail banking.

EBRD finance:

Equity investment of USD 5.3 million into newly issued ordinary shares.

Total project cost:

USD 5.3 million.

Environmental impact:

The client complies with EBRD's Environmental Procedures for Intermediated Finance through Local Banks, including compliance with applicable national environmental, health and safety requirements, adherence to the Environmental Exclusion and Referral List, submission of annual environmental reports to the Bank and nomination of an officer responsible for environmental issues.

Technical cooperation:

Institutional building consultant to be selected.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Ms. Gregory Chorayan, Member of the Management Board
Bank Center-Invest
62, prospect Sokolova,
Rostov-on-Don, Russia, 344010;
Tel. + 7 8632 675 833
Fax +7 8632 640 640;
E-mail: eurodept@centrinvest.ru

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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N

Project name:	Hansabank Russia Equity Investment
Country:	Russia
Project number:	35729
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	21 June 2005

Project description and objectives:

The proposed project envisages an equity investment to acquire 15% of the share capital in Hansabank's newly acquired Russian subsidiary. The investment will support the USD 100 million capital increase of the bank and allow it to expand its operations into a full service bank.

Transition impact:

The proposed transaction will support the entry of new strategic investor into Russia that has experience of operating in similar environment to Russia. This will increase competition in the Russian banking sector and support the development of it.

The Company will focus on serving Baltic, Scandinavian and Russian companies involved in cross-border trade between these countries. Hence the transaction will also help to facilitate cross-border trade between Russia and European Union.

The client:

Hansabank, 99% owned by Swedbank, is the largest financial services group in the Baltic states. Its operations consists of retail and corporate banking, life insurance and asset management in three Baltic states.

EBRD finance:

Equity investment of USD 15 million for purchasing recently issued shares from AS Hansabank.

Total project cost:

USD 100 million.

Environmental impact:

Hansabank will be required to comply with EBRD's Environmental Procedures for Intermediated Financing through Local Banks, including adherence to the Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety legislation, and submission of annual environmental reports to EBRD.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Mr. Druvis Murmanis, CEO
Tel: +7 095 777 63 77
Fax: +7 095 777 63 78

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

O

Project name:	DeltaCredit Bank - Syndicated Loan
Country:	Russia
Project number:	35984
Business sector:	Financial institutions: Non-bank FIs
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	21 June 2005

Project description and objectives:

The proposed project is a senior syndicated loan of USD 30 million with an A/B structure, B loan to be syndicated, to DeltaCredit Bank (DCB), the first specialised residential mortgage bank in Russia, for financing its mortgage portfolio. The loan will diversify DCB's funding base and leverage its capital.

Transition impact:

The Bank's second round of financing will be a logical continuation of the first round by supporting the Company in mobilising commercial financing for Russian mortgage market.

The proposed transaction will introduce commercial lenders to the secured loan structure and to the Company in general. This will demonstrate that commercial financing of mortgage receivables is achievable in the Russian market.

The mortgage market is still at an early stage of its development in Russia. DCB is playing a pioneering role in the development of the sector and is introducing best practice standards for the industry. The proposed transaction allows DCB to continue focusing on expansion of its portfolio and through this make mortgage financing available to more Russians.

The client:

DeltaCredit Bank is the leading mortgage provider in Russia, established by The US-Russia Investment Fund (TUSRIF) in 1999.

EBRD finance:

Senior term loan of up to US\$ 30 million, with an A/B structure, B loan to be syndicated.

Total project cost:

USD 30 million.

Environmental impact:

The project has been classified as a financial intermediary (FI). The environmental risks associated with the operation and the potential portfolio are low. DCB will need to comply with EBRD's Environmental Procedures for the Residential Mortgage Lending.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Serge Ozerov, CFO
e-mail: sozerov@deltacredit.ru
Tel: +7 095 960 3161
Fax: +7 095 960 3162

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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Email: projectenquiries@ebrd.com

P

Project name: Lesaffre
Country: Regional
Project number: 34845
Business sector: Agribusiness
State/Private: Private sector
Environmental category: B
Board date: 26 July 2005
Status: Passed structure review, Pending final review
Date PSD disclosed:
Date PSD updated: 21 June 2005

Project description and objectives:

The proposed project establishes the grounds on which EBRD and Lesaffre will cooperate in CIS countries. The project will provide financing to develop some of Lesaffre's yeast operations in that region, both via past and future acquisitions as well as upgrade and development at its existing subsidiaries in Kurgan and Uzlovaya in Russia and Krivoi Rog in Ukraine.

Transition impact:

Transition impact related to the Project is expected to derive from:

- Restructuring and improved efficiency in the management of the acquired plants' operations, including the environmental one;
- The development of products' quality, new products' launches over time and the set up of industry standards by the international leading yeast producer.

The client:

Selected CIS yeast subsidiaries of Compagnie des Levures Lesaffre (CLL). CLL is part of Lesaffre Group, the world's leading producer of yeast and the fifth largest producer of malt.

EBRD finance:

Equity investment in the Sponsor's subsidiaries in selected CIS countries to finance over time up to 30% of the Project's costs.

Total project cost:

Up to USD 30 million equivalent over time.

Environmental impact:

The Project was screened B/1, requiring an environmental analysis of the impacts associated with the acquisitions and restructuring of the yeast production plants of Kurgan, Uzlovaya and Krivoi-Rog and an environmental audit of the existing facilities. Environmental due diligence on this project is on-going. The Sponsor's approach to environmental management is being assessed as part of the Bank's environmental due diligence work. The investee companies will be required to comply with applicable national/local requirements and over time with EU environment, health and safety standards and will provide the Bank with an annual environmental report in accordance with the action plan to be agreed.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Bertrand de Waegeneire, Treasurer,
Lesaffre Group
Tel: +33 3 20 81 62 02
E-mail: bdw@lesaffre.fr

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
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Email: projectenquiries@ebrd.com

Q

Project name:	Renaissance Capital Bank Rouble Loan
Country:	Russia
Project number:	36115
Business sector:	Financial institutions: Non-bank FIs
State/Private:	Private sector

Environmental category: FI

Board date: 26 July 2005

Status: Passed concept review, Pending final review

Date PSD disclosed:

Date PSD updated: 21 June 2005

Project description and objectives:

The proposed project is a senior loan of RUB 830 million to Bank Renaissance Capital, a Moscow-based consumer finance bank of the Renaissance Capital Group. The proceeds of the loan will go towards financing the portfolio of consumer loans in the Russian Federation.

Transition impact:

The proposed Russian Rouble loan will further advance availability of local currency funding for Russian citizens. Lack of funding, especially of local currency funding, is a major impediment to growth in the Russian consumer finance sector.

The project will increase the competition in the consumer finance market in Russia by supporting the entry of the new strong participant. This helps to expand the market both through lowering over time the interest rates and increased range of local currency credit products.

The project will also demonstrate that well-managed private banks can compete successfully based on a strong and innovative business model. Renaissance Capital has demonstrated its commitment to transparency and best practice in the investment banking sector and will implement its experience also in the consumer credit sector.

The client:

Bank Renaissance Capital is the consumer finance bank of the Renaissance Capital Group, headquartered in Moscow and operating in more than 20 regions in Russia. Renaissance Capital Group is one of the leading independent investment banks in Russia.

EBRD finance:

RUB 830 million (USD 30 million) senior term loan for financing the development of consumer finance portfolio.

Total project cost:

USD 30 million.

Environmental impact:

There are no environmental risks associated with the consumer financing, therefore there will be no environmental requirements associated with this operation.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Alexey Levchenko, Chairman of the Management Board

Tel: +7 095 783 4600

Fax: +7 095 783 4601

E-mail: Alevchenko@rccf.ru

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

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Email: projectenquiries@ebrd.com

R

Project name: Olivaria

Country: Belarus

Project number: 35555

Business sector: Agribusiness

State/Private: Private sector

Environmental category: B

Board date: 26 July 2005

Status: Passed structure review, Pending final review

Date PSD disclosed: Date PSD updated: 20 June 2005

Project description and objectives:

The proposed project involves financing the modernization and capacity expansion of the existing Olivaria brewery in Minsk, Belarus.

Transition impact:

The Transition impact of the proposed project is expected to derive from the demonstration effect associated with the successful restructuring of a privately run company, through modernisation of its production lines and rationalisation of the internal control processes.

These, in turn, are expected to generate efficiency gains in production and to improve product quality and distribution, leading to market expansion and greater competition in the beverage sector in Belarus. The project's transition impact potential is further enhanced by setting standards of corporate governance and business conduct at the company level that could be replicated in the sector.

The client:

Olivaria is a fully privately-owned brewing company based in Minsk, Belarus.

EBRD finance:

Financing will be via the provision of a loan and equity investment for an amount not exceeding USD 8 million.

Total project cost:

USD 12.3 million.

Environmental impact:

The project is screened B/1 by the Bank requiring an environmental audit of the plant's facility and an analysis of environmental impacts associated with the expansion.

Independent consultants will be retained to undertake these studies which will be completed prior to Final Review of this project. If necessary, the consultants will structure an environmental action plan to address any issues revealed during the auditing process and to ensure compliance with relevant national and EU standards.

Technical cooperation:

It is envisioned that the Bank will seek technical assistance funds. Additional details will be provided once the donor has been confirmed and TC application finalized.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

General Director: Nikolai Dudko
E-mail: dudko@gin.by

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:
Tel: +44 20 7338 7168; Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

S

Project name:	Vestel 2 - White Goods Production
Country:	Russia
Project number:	35958
Business sector:	General manufacturing
State/Private:	Private sector
Environmental category:	B
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	20 June 2005

Project description and objectives:

The proposed project envisages provision of a long term debt financing to Vestel CIS to construct and operate a white goods (automatic washing machines and refrigerators) production facility.

Construction will involve erection of a new production building, several auxiliary infrastructure buildings and warehouses, and two assembling lines for automatic washing machines and refrigerators. The new plant will have a total production capacity of 500,000 units of washing machines and refrigerators per year. This capacity will be increased to 1 mln units each, subject to the market demand. The plant will be located on the same site as the existing Vestel CIS' TV plant in Alexandrov, Vladimir region of Russia.

Transition impact:

With its investment the Bank will support a committed strategic investor who has demonstrated its ability to successfully build and operate a modern TV sets

production facility in a very competitive market. The Project will foster market efficiency and higher standards in the white goods industry as western quality products will become available at lower prices. This will prompt domestic producers to adapt to a more competitive market environment, it will also put pressure on new foreign entrants who are planning to set up local production in the near future. The Project will play a positive role in setting corporate governance and business standards in the industry which still has a large share of “grey imports”. The Company will follow best industry practices in terms of production facilities, quality control, distribution and marketing.

Further positive impact will be achieved by widening the Vestel CIS’s product mix and transferring skills to local employees, who will be trained to operate and maintain modern production equipment, as well as will acquire skills and know-how in the areas of management, quality control and marketing. The Project is expected to promote development of supplier industries, such as domestic component manufacturing.

The client:

Vestel CIS Ltd., a Russian company, the Bank’s existing client which owns and operates a television set production facility in Alexandrov. The Company is wholly-owned by Vestel Elektronik Sanayi Ve Ticaret A.S., a leading Turkish integrated consumer electronics and white goods manufacturer.

EBRD finance:

USD 28 million long term senior loan.

Total project cost:

Up to USD 80 million spread over several years.

Environmental impact:

The project was screened B/0.

The Environmental Analysis, which included a site visit by the Bank’s Environmental Specialist, confirmed that the Company’s operations are of the highest international standard and Vestel has developed a comprehensive environmental management system and capacity (ISO 14001) and management system for occupational health and safety (BS 8800). The facility has all necessary environmental permits in place; fire protection and fire control are of a high standard; there is no dangerous machinery or hazardous materials present, and all soldering machines have local exhaust ventilation in place. The environmental investigations also confirmed that a new wastewater treatment will be constructed and that the development of the white goods facility will be in

accordance with both local/national legal requirements and good international/EU standards.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

Vestel CIS
16 Gagarina St., Alexandrov
Russia
General Director: Ali Tunc Can

Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

EBRD project enquiries not related to procurement:

Tel: +44 20 7338 7168; Fax: +44 20 7338 7380

Email: projectenquiries@ebrd.com

T

Project name:	Spurt Bank SME Credit Line
Country:	Russia
Project number:	35504
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	14 June 2005

Project description and objectives:

The proposed project envisages providing a loan of RUB 280 million (USD 10 million equivalent) to Spurt Bank, a private bank in the Republic of Tatarstan (RoT), Russia for on-lending to SMEs operating in the RoT. The Project is aimed at supporting the SME sector in Tatarstan, which is currently underserved by local banks.

Transition impact:

The transition impact potential of the proposed project arises mainly from its support of a transformation of a regional bank operating in the RoT into a bank operating according to best practice standards of corporate governance and business conduct. The proposed project will support the bank's diversification strategy and promote competition within the local banking market.

The proposed project will strengthen the development of regional SMEs by promoting financial intermediation, thereby increasing the level of available medium-term resources for local SMEs.

The client:

Spurt Bank, the 4th largest bank by capital in the RoT established in 1992 by local private and state organisations. The bank is now pursuing a strategy of development as a universal bank, it has been actively developing SME lending for the last two years.

EBRD finance:

A four-year senior loan of RUR 280 million (equivalent of USD 10 million).

Total project cost:

RUR 280 million (equivalent of USD 10 million).

Environmental impact:

Spurt Bank will be required to comply with EBRD's Environmental Procedures for SME financing which require adherence to the Bank's Environmental Exclusion and Referral List, compliance with the applicable national environmental, health and safety requirements and submission of an Annual Environmental Report to the Bank.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

For business opportunities or procurement, contact the client company.

General enquiries:

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U

Project name:	Astana New Transport System
Country:	Kazakhstan
Project number:	35049
Business sector:	MEI
State/Private:	State sector
Environmental category:	B
Board date:	29 November 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	14 June 2005

Project description and objectives:

The proposed project will encompass the construction of a modern transit system in the city of Astana, comprising a Light Rail Transit (LRT) on a north-south route (10km) serving the New City and Bus Rapid Transit (BRT) with segregated right of way, linking the old city with the eastern residential areas (10km).

Transition impact:

Transition measures will focus on:

- Demonstration effect of
 - (a) structuring a cost-effective, quality public transport project (other cities in Kazakhstan are also considering transit systems), and
 - (b) organising public transport services based on a Public Service Contract, in accordance with best international practice. Creating a framework for private sector participation: the project is designed to foster private sector participation in design, construction, provision of equipment and operations.

- Achieving cost-efficiency through competitive tendering for implementation through a single turnkey contract

The client:

The Bank's loan would be extended directly to Astana Transit Company (AsTransCo), a new special purpose company created to implement and manage a new public transport system in Astana. AsTransCo would be wholly owned by the City. The loan would be backed by a sovereign guarantee from the Republic of Kazakhstan

EBRD finance:

Sovereign guaranteed loan of up to €187 million to AsTransCo.

Total project cost:

Total project costs are estimated at €217 million.

Environmental impact:

The proposed project was subject of an Initial Environmental Examination (IEE) which did not identify any significant environmental issues.

The construction of new LTR line and BRT alongside existing transport routes and construction of a maintenance depot are associated with limited environmental impacts which could be readily assessed and mitigated. Following the IEE, project was screened B/O, requiring an Environmental Analysis of the proposed investment programme. Because the project is publicly visible, the Bank will require that appropriate environmental information be disclosed on the project throughout project preparation and implementation.

The Bank's due diligence will assist AsTransCo in the development of a Public Consultation and Disclosure Plan (PCDP). The development of the PCDP will be completed prior to EBRD management review. Its implementation and the completion will be closely monitored by the Bank. The technical feasibility study describes air emission and noise impacts of the various alternatives, which are well below EU and Kazakh norms. All of the proposed alternative routes use existing transport ways.

Technical cooperation:

- TC1A – Feasibility Study (€200,000) financed from the Germany II Technical Cooperation Fund.
- TC2 – Legal and Financial Support (€300,000) financed from the Canadian Trust Fund

- TC1B – System Specification and Tender Document Preparation (€ 400,000); donor to be identified.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Procurement or tendering opportunities:

Visit [EBRD Procurement](#)

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V

Project name:	TBC Bank SME Credit Line III
Country:	Georgia
Project number:	36111
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	13 June 2005

Project description and objectives:

The proposed new SME credit line is aimed to enable TBC Bank to increase its medium-term lending to small and medium sized enterprise sector.

Transition impact:

- Further promotion of the SME development in the country. By supporting TBC Bank and increasing the term funding available to the SME sector, which has a higher growth rate, the EBRD contributes to private sector development in Georgia. This leads to increased competition and entrepreneurship promotion.

- Assistance in further development of one of Georgia's leading banks. It is important for the EBRD to support a bank, which has been enjoying a healthy reputation in this early transition market.

The client:

TBC is one of Georgia's largest banks with an asset base of USD 215 Million. TBC is a universal bank providing a variety of banking products and services to its customers, including financing of SMEs and micro-enterprises.

EBRD finance:

EBRD financing will consist of a USD 10 million six-year SME senior loan.

Total project cost:

USD 10 million.

Environmental impact:

TBC Bank will be required to comply with EBRD's environmental requirements for local banks which include the Bank's Environmental Exclusion and Referral List. Sub-borrowers will be required to comply, at a minimum, with national standards for environment, health, safety and worker protection. TBC Bank will be required to provide EBRD with an annual environmental report containing summary information on sub-projects with an indication of the assigned environmental risks category and information on the bank's implementation of the environmental procedures.

Technical cooperation:

The first TC project with TBC started in 1996 and consisted in a two year technical assistance covering credit, asset and liability management and commercial activities. A follow-up TC assignment (also available to other banks) supported the continued implementation of these measures.

Currently a new TC project is in place to support TBC Bank in the selection and implementation of a new MIS system and a core Banking software.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

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Business opportunities:

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W

Project name:	KSBP III - Rural Facility
Country:	Kazakhstan
Project number:	35575
Business sector:	Financial Institutions: Bank equity/Bank lending
State/Private:	Private sector
Environmental category:	FI
Board date:	26 July 2005
Status:	Passed concept review, Pending final review
Date PSD disclosed:	
Date PSD updated:	10 June 2005

Project description and objectives:

The proposed framework (KSBP III) is the third phase of EBRD's small business programme in Kazakhstan, which started in 1998. KSBP III aims to address the financing gap for micro and small enterprises (MSEs) in remote/rural regions and in the agriculture sector.

To this end, KSBP III will assist banks with dedicated Technical Assistance (TA) to build up the necessary institutional capacity for mass scale lending to rural and agricultural MSEs. EBRD will extend credit lines to selected Kazakh partner banks, for these banks to on-lend the funds to MSEs in rural/agricultural areas.

The objective is to further expand the outreach of the Kazakh banks into the regions and to provide access to finance to those MSEs, which were so far neglected due to their remote location, limited size or lack of credit history or collateral. Non-bank Microfinance Institutions (MFIs), meeting the Bank's

eligibility criteria will also be considered for TA and loan financing under the framework.

Sub-projects:

View a list of [sub-projects](#) for this and other framework projects.

Transition impact:

The transition impact is estimated to be high.

The programme has had already a positive impact on the economy and the Kazakh banking sector via its training and institution building programme. So far more than 200 MSE finance departments have been established, which have disbursed more than 143,000 loans to MSEs. The current extension of the programme into the rural and agricultural sector will provide finance to an important target group and help to ease regional and economic inequalities.

The client:

KSBP III will co-operate with the following existing partner banks (Kazkommertsbank, Halyk Savings Bank of Kazakhstan, Bank Turan Alem, ATFBank, Bank CenterCredit), with new partner banks, and potentially with non-bank MFIs.

EBRD finance:

USD 100 million framework of senior loans in USD and local currency equivalent financed by EBRD.

In addition, up to USD 60 million will also be potentially provided via co-financing and syndications to the commercial market.

Total project cost:

USD 160 million.

Environmental impact:

The partner banks and non bank MFIs will follow the EBRD's Environmental Procedures for Small and Micro Loans in relation to all sub-loans financed through the credit line. In implementing these procedures, the clients will assess potential environmental issues associated with sub-projects, which are required to comply, at a minimum, with local/national health, safety, environmental and public consultation requirements.

Technical cooperation:

USAID has committed USD 300,000 and additional technical corporation funds are currently being sought. It is expected that the existing partner banks will co-finance the technical assistance.
For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

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X

Project name:	Gallery
Country:	Russia
Project number:	34821
Business sector:	Telecommunications & Media and Informatics
State/Private:	Private sector
Environmental category:	C
Board date:	12 July 2005
Status:	Passed final review, Pending board approval
Date PSD disclosed:	
Date PSD updated:	2 June 2005

Project description and objectives:

The EBRD will provide up to USD 23 million in equity and debt to the Gallery Group, one of the leading advertising media operators in Russia. The loan will provide acquisition and capex funding and facilitate the expansion of the Group's geographic coverage and product range, while improving its capital structure.

Transition impact:

The proposed project will further develop an essential and efficient outdoor advertising infrastructure in Russia, while supporting consolidation of a

fragmented industry. In particular, the proposed project will support an operator that provides services in the Russian regions, thereby supporting the development of regional commerce. It will also have a high demonstration effect by supporting an entrepreneurial domestic company without a foreign sponsor and would provide an even playing field for competitors in the sector. By providing debt and equity financing to the Group, which was previously relying mostly on its internally generated cash to meet its financing needs, the EBRD will send a signal of the Bank's confidence in the Group and Russia's advertising market.

The client:

Gallery Group ("Gallery" or the "Group"), founded in 1994, currently operates the second largest outdoor advertising network in the Russian regions (Russian Federation excluding Moscow and St. Petersburg, based on net revenues and number of outdoor advertising sites) and covers 200 cities, with proprietary installations in 26 cities. The Group is indirectly owned by three individuals: Anatoly Mostovoy, founder and CEO, Vladislav Zakharovsky, General Director and Yuri Mostovoy.

EBRD finance:

The Bank's proposed financing will consist of up to USD 5 million in the Group's holding company, and up to USD 18 million in debt for the Bank's own account to Gallery-Service LLC, a key operating company in the Gallery Group.

Total project cost:

The total project will consist of up to USD 5 million in equity and up to USD 18 million in debt, which along with internally generated cash will fund approximately USD 32.2 million of acquisitions and capital expenditure.

Environmental impact:

This Project was screened C/1.

There are unlikely to be any significant environmental issues associated with this project. Main issues associated with outdoor advertisement business are visual effects and compliance with statutory and other outdoor advertising requirements. Environmental due diligence conducted has shown that apart from standard land use planning requirements, permits and the planning and installation of advertising units, there are no environmental issues associated with this business.

The Group also confirmed that its operations are in full compliance with the Advertising Committee and relevant municipal bodies' specifications and standards associated with the Russian outdoor advertising industry. The Group is

required to continue to comply with Russian and EU environmental, health and safety standards and requirements and local and national public consultation requirements as well as to submit the Bank an annual environmental report.

Technical cooperation:

None.

For consultant opportunities for projects financed by technical cooperation funds, visit [procurement of consultants](#).

Company contact:

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Business opportunities:

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III. ADDITIONAL INFORMATION AND ASSISTANCE:

- A. US Commercial Service EBRD Liaison Office (CS-EBRD):** CS-EBRD is an integral part of U.S. representation at the EBRD with a mandate to increase the effectiveness of U.S. participation in the Bank's projects. For more information about project opportunities at the European Bank for Reconstruction and Development (EBRD) please contact:

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Note: CS-EBRD can offer its services only to US companies. EBRD procurement opportunities can be viewed at www.ebrd.com/oppor/procure/opps/index.htm. An updated list of EBRD publications can also be found on the main website www.ebrd.com

- B. BISNIS:** The Business Information Service for the Newly Independent States (BISNIS). Countries covered: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, Uzbekistan. Web: www.bisnis.doc.gov Tel: +(202) 482-4655, Fax + (202) 482-2293.
- C. CEEBIC:** Central and Eastern Europe Business Information Center (CEEbic). Countries of covered: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, FYR Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Serbia & Montenegro, Slovak Republic, Slovenia. Web: <http://www.mac.doc.gov/ceebic> Tel: +(202) 482 2645, Fax: +(202) 482 4473